UOBKayHian

Country Daily | Singapore

Friday, 21 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52759.2	(1.3)	(2.0)	1.8	9.8
S&P 500	7641.2	(0.9)	(2.0)	2.7	11.6
FTSE 100	10748.2	0.0	(0.2)	2.1	8.2
AS30	9298.5	0.5	(0.9)	3.6	3.1
CSI 300	4592.8	0.1	(1.5)	(3.1)	(0.8)
FSSTI	5671.9	(0.4)	(0.8)	2.6	22.1
HSCEI	8547.8	0.9	1.4	2.2	(4.1)
HSI	25698.5	0.8	1.2	2.2	0.3
JCI	6501.6	1.7	2.0	2.5	(24.8)
KLCI	1736.7	0.3	0.1	0.9	3.4
KOSPI	6852.6	5.9	4.2	1.6	62.6
Nikkei 225	66216.8	1.4	(3.1)	(0.0)	31.5
SET	1610.0	0.0	(0.3)	(2.6)	27.8
TWSE	44933.7	0.5	(2.4)	1.6	55.1
BDI	2791	0.5	(1.9)	4.5	48.7
CPO (RM/mt)	4596	0.9	1.7	2.2	16.8
Brent Crude (US$/bbl)	94	2.4	7.7	5.1	54.1

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Date
Core Inflation Rate YoY JUL	24 Aug
Inflation Rate MoM JUL	24 Aug
Inflation Rate YoY JUL	24 Aug
MAS 12-Week Bill Auction	25 Aug

Top Stories

Company Results | SATS (SATS SP/**BUY**/S$4.12/Target: S$5.00)

Page 2 →

- Reported net profit rose 6.0% yoy to S$75.1m; excluding one-off JV/associate provisions, core net profit would have been S$80m, in line with our forecast. Business fundamentals remained strong, with revenue up 11.3% yoy on upbeat volume growth across all business lines. Margin pressure may persist for another 1-2 quarters, but we view the drivers behind as temporary in nature. Maintain BUY with an unchanged S$5.00 target price; yesterday's sharp sell-off presents a good buying opportunity.

Market Spotlight

Page 5 →

- US stocks were lower on Thursday, with all indices falling as the consumer staples, healthcare and consumer discretionary sectors fell. There were more decliners than advancers on both the NYSE and NASDAQ.
- The FSSTI fell 22.33pt to 5,671.91, due to weakness in DBS and OCBC, with both mid- and small-cap indices falling with a broad market decline on S$2.00b turnover.

Technical Analysis

Riverstone (RSTON SP)

Page 6 →

- Trading Sell Range: S$0.810-0.815

Beng Kuang Marine (BKM SP)

Page 6 →

- Trading Sell Range: S$0.440-0.445

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

SATS (SATS SP)

1QFY27: Temporary Margin Pressure Masks Strong Fundamentals; Share Price Weakness Presents A Good Buying Opportunity

Highlights

- Reported net profit rose 6.0% yoy to S$75.1m; excluding one-off JV/associate provisions, core net profit would have been S$80m, in line with our forecast.
- Business fundamentals remained strong. Revenue grew 11.3% yoy, backed by steady to strong business volume growth across key business lines.
- Margin pressure could persist for another 1-2 quarters, due to operational inefficiencies and higher input costs caused by geopolitical events but these factors are temporary by nature.
- Maintain BUY on SATS, keeping target price at S$5.00. The sharp sell-off yesterday has created a good buying opportunity.

1QFY27Results

Year to 31 Mar (S$m)	1Q FY27	1Q FY26	yoy % chg	4Q FY26	qoq % chg	Prev. FY27F	1Q as % of 27F	Remarks
Revenue	1,676.3	1,506.3	+11.3	1,621.9	+3.4	6,850	24.5%	In line/slight beat
Food solutions	346.0	328.3	+5.4	344.3	+0.5	1,440	24.0%	In line/slight beat
Aviation food	235.7	233.6	+0.9	233.3	+1.0	973	24.2%	
Non-aviation food	110.3	94.7	+16.5	111.0	-0.6	467	23.6%	
Gateway services	1,329.3	1,178.0	+12.8	1,277.4	+4.1	5,410	24.6%	In line/slight beat
Cargo	893.1	780.7	+14.4	808.8	+10.4	3,549	25.2%	
Ground handling	436.2	397.7	+9.7	468.6	-6.9	1,861	23.4%	
EBIT	133.8	125.2	+6.9	109.4	+22.3	584	22.9%	Slight miss (margin pressure)
- food solutions	35.9	28.5	+26.0	21.7	+65.4			
- gateway services	113.7	101.9	+11.6	97.0	+17.2			
JV/asso contrib.	26.8	33.0	-18.8	22.2	+20.7	117	22.9%	Slight miss
Reported net profit	75.1	70.9	+5.9	50.7	+48.1	339	22.1%	Slight miss, but core in line
Margins (%)								
EBIT	8.0	8.3	-0.3ppt	6.7	+1.2ppt	8.5		
Net profit	4.5	4.7	-0.2ppt	3.1	+1.4ppt	5.0		

Source: SATS, UOB Kay Hian

Analysis

- **Reported net profit a slight miss but core net profit in line.** SATS' reported net profit rose 6.0% yoy to S$75.1m, slightly below our S$80m forecast. SoAJV declined 18.9% yoy to S$26.8m due partly to non-recurring provisions relating to certain ground-handling JVs affected by LCC weakness amid Middle East disruptions. Management indicated that excluding these provisions, SoAJV would have been broadly flat yoy and PATMI would have been close to S$80m. The provisions are one-off and are not expected to recur.

Key Financials

Year to 31 Mar (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	5,821	6,346	6,867	7,249	7,623
EBITDA	1,036	1,146	1,208	1,311	1,388
Operating profit	476	543	561	637	687
Net profit (rep./act.)	244	285	315	384	428
Net profit (adj.)	260	301	321	384	428
EPS (S$ cents)	17.3	19.9	20.8	25.3	28.2
PE (x)	23.8	20.7	19.8	16.3	14.6
P/B (x)	2.4	2.2	2.1	1.9	1.8
EV/EBITDA (x)	11.4	10.4	10.2	9.2	8.7
Dividend yield (%)	1.2	1.7	2.1	2.5	2.8
Net margin (%)	4.2	4.5	4.6	5.3	5.6
Net debt/(cash) to equity (%)	66.6	55.3	46.8	35.7	25.7
ROE (%)	9.8	10.7	11.0	12.5	12.8
Consensus net profit	-	-	324	377	431
UOBKH/Consensus (x)	-	-	0.97	1.02	0.99

Source: SATS, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$4.12
Target Price	S$5.00
Upside	21.3%

Stock Data

Sector	Industrials
Bloomberg ticker	SATS SP
Shares issued (m)	1,486.5
Market cap (S$m)	6,124.3
Market cap (US$m)	4,821.9
3-mth avg daily t'over (US$m)	25.6

Price Performance (%)

52-week high/low: S$4.96/S$3.17

1mth	3mth	6mth	1yr	YTD
(10.2)	(27.2)	6.5	29.6	8.1

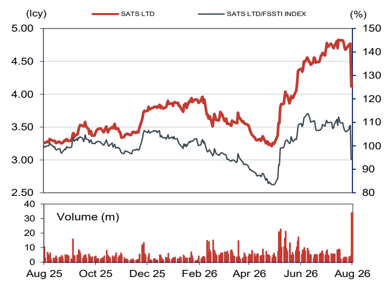
Major Shareholders (%)

Temasek Hldgs	40.33

Balance Sheet Metrics

FY27 NAV/Share (S$)	2.00
FY27 Net Debt/(Cash)/Share (Rmb)	2.19

Price Chart



Source: Bloomberg

Company Description

A global leader in aviation gateway services and Asia's leading food solutions provider.

- **Business fundamentals remained strong.** Group revenue grew 11.3% yoy to S$1.68b, driven by gateway services (+12.8% yoy) and food solutions (+5.4% yoy). Cargo revenue rose 14.4% yoy, ground handling increased 9.7%, while non-aviation food revenue grew 16.0%. SATS saw broad-based business volume growth across all business lines, with cargo tonnage (+8.6% yoy), flights handled (+4.0%), aviation meals (+5.5%) and non-aviation meals (+20.0%) performing in line with or better than our projections.
- **Cargo continues to gain market share, outperforming industry benchmark for an 11th consecutive quarter.** SATS' cargo tonnage rose 12.0% yoy on a comparable basis, outperforming our forecast of 10% and also significantly beating IATA's 6.2% global cargo growth benchmark. Growth was supported by both organic volume expansion and new contract wins across EMEA and the Americas. Contract-win momentum also remains healthy, including Air France-KLM at JFK, SIA at KLIA, Qatar Airways Cargo in Liège and China Airlines renewals across North America.
- **EU de minimis led to lower e-commerce volume in the Asia-Europe corridor, but global tonnage remains resilient, rising 5% yoy in July.** WorldACD data showed combined China and Hong Kong-to-Europe tonnage declining 12% yoy in Jul 26 following the EU de minimis rule changes. Nevertheless, worldwide air cargo tonnage still grew 5% yoy. Importantly, the Americas is SATS' largest revenue region, contributing 36% of 1QFY27 revenue versus 20% from EMEA, and has recovered strongly following last year's US de minimis-related disruption, with Americas cargo tonnage rising 9.5% yoy. We therefore see the EU changes as a near-term drag on selected trade lanes rather than a material threat to SATS' overall cargo growth.
- **Near-term margin pressure could persist for another 1-2 quarters, but still temporary by nature.** Group EBIT margin declined 0.3ppt yoy to 8.0%, as Middle East-related cargo/flight disruptions created labour inefficiencies, while inflationary cost pressure weighed on margins. Management expects food input-cost pressure to become more visible in 2QFY27 as favourable long-term supply contracts roll over, and does not expect an immediate margin rebound. That said, both food and gateway services have mechanisms to pass through higher costs, while productivity initiatives and IT/AI investments should progressively support efficiency from 2HFY27.
- **FY29 growth targets remain intact.** Management remains confident in achieving its FY29 targets despite near-term margin pressure. We echo this view: Once operating conditions normalise, continued volume growth, higher asset utilisation, cost pass-through and productivity gains should support a resumption in medium-term margin expansion.

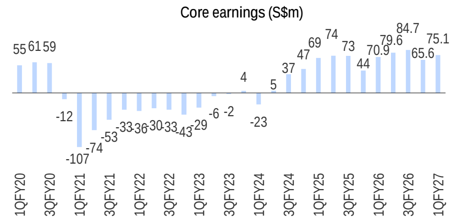
Earnings Revision/Risk

- **We cut our FY27 earnings forecast by 7% to S$315m** to reflect: a) the one-off provisions made at SATS' JV/associate levels in 1QFY27, and b) persistent margin pressures for the next 1-2 quarters. Our FY28-29 earnings have been left intact.
- **Key risks:** a) weaker-than-expected near-term margins; b) execution risks of expansion in new markets; and c) expansion-related gestation costs.

Valuation/Recommendation

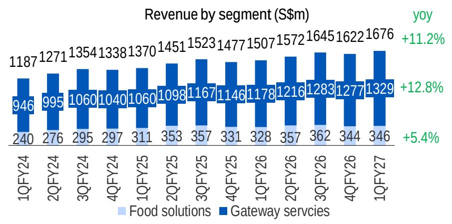
- **Maintain BUY on SATS, with an unchanged target price of S$5.00; Current weakness presents a buying opportunity.** Our target price remains based on 19.7x FY28F PE, pegged to SATS' historical mean. We believe SATS' underlying fundamentals remain strong, with the headline results affected by one-off provisions and temporary margin pressure that should ease over time as costs are passed through. In our view, the sharp post-results sell-off is unjustified and has created an attractive entry point, particularly for investors with an investment horizon beyond six months.

Quarterly Earnings Trend



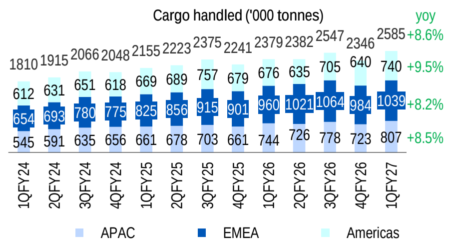
Source: SATS

Quarterly Revenue Trend



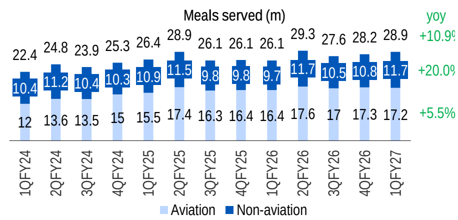
Source: SATS

Quarterly Cargo Volume Handled



Source: SATS

Quarterly Meal Volume Produced



Source: SATS

PE-based Valuation

		FY27F	FY28F	FY29F
EPS		S$0.208	S$0.253	S$0.282
PE peg		------------ Target price ----------		
+1.0SD	22.3x	S$4.64	S$5.66	S$6.30
+0.5SD	21.0x	S$4.37	S$5.33	S$5.94
mean	19.7x	S$4.10	S$5.00	S$5.57
-0.5SD	18.4x	S$3.83	S$4.66	S$5.20
-1.0SD	17.1x	S$3.56	S$4.33	S$4.83

Source: UOB Kay Hian

Profit & loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	6,346	6,867	7,249	7,623
EBITDA	1,146	1,208	1,311	1,388
Deprec. & amort.	603	647	674	700
EBIT	543	561	637	687
Total other non-op. income	(13)	0	0	0
Associate contributions	115	108	119	121
Net interest income/(expense)	(228)	(218)	(205)	(191)
Pre-tax profit	416	451	550	618
Tax	(111)	(114)	(144)	(165)
Minorities	(20)	(22)	(23)	(25)
Net profit	285	315	384	428
Net profit (adj.)	301	321	384	428

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	2,633	2,752	2,803	2,860
Other LT assets	4,371	4,340	4,313	4,286
Cash/ST investment	753	695	699	716
Other current assets	1,317	1,342	1,368	1,394
Total assets	9,074	9,129	9,184	9,257
ST debt	553	553	553	553
Other current liabilities	1,589	1,619	1,649	1,679
LT debt	3,583	3,383	3,133	2,883
Other LT liabilities	412	412	412	412
Shareholders' equity	2,750	2,954	3,206	3,473
Minority interest	186	208	232	257
Total liabilities & equity	9,074	9,129	9,184	9,257

Cash flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	1,030	868	954	1,024
Pre-tax profit	416	451	550	618
Tax	(83)	(114)	(144)	(165)
Deprec. & amort.	603	647	674	700
Associates	(115)	(108)	(119)	(121)
Working capital changes	25	4	4	4
Non-cash items	71	0	0	0
Other operating cashflows	112	(12)	(12)	(12)
Investing	(231)	(265)	(218)	(248)
Capex	(345)	(350)	(310)	(341)
Investment	(10)	0	0	0
Proceeds from sale of assets	11	0	0	0
Others	114	85	92	93
Financing	(741)	(660)	(731)	(759)
Dividend payments	(82)	(111)	(132)	(160)
Proceeds from borrowings	1,236	0	0	0
Loan repayment	(1,376)	(200)	(250)	(250)
Others/interest paid	(519)	(349)	(349)	(349)
Net cash inflow (outflow)	59	(57)	4	17
Beginning cash & cash equiv.	694	753	695	699
Changes due to forex impact	(1)	0	0	0
Ending cash & cash equiv.	753	695	699	716

Key Metric

Year to 31 Mar	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	18.1	17.6	18.1	18.2
Pre-tax margin	6.6	6.6	7.6	8.1
Net margin	4.5	4.6	5.3	5.6
ROA	3.2	3.5	4.2	4.6
ROE	10.7	11.0	12.5	12.8
Growth (% yoy)				
Turnover	9.0	8.2	5.6	5.1
EBITDA	10.6	5.3	8.5	5.9
Pre-tax profit	15.7	8.3	22.1	12.2
Net profit	17.0	10.4	21.9	11.4
Net profit (adj.)	15.6	4.7	21.9	11.4
EPS	15.0	4.7	21.9	11.4
Leverage				
Debt to total capital	44.7	40.8	35.9	31.0
Debt to equity	80.9	68.8	56.0	44.9
Net debt/(cash) to equity	55.3	46.8	35.7	25.7

Market News

US stocks were lower on Thursday, as the consumer staples, healthcare and consumer discretionary sectors led shares lower. At the close of the NYSE, the Dow Jones fell 1.31% while the S&P 500 index was down 0.86%, and the NASDAQ Composite index slid 1.0%. Falling stocks outnumbered advancing ones on the NYSE by 1,821 to 931 and 84 ended unchanged; on the Nasdaq Stock Exchange, 3,134 declined and 1,769 advanced, while 164 ended unchanged.

During the last trading session, the FSSTI fell 22.33pt to 5,671.91. Among the top active stocks were Singtel (+0.5%), DBS (-0.2%), OCBC Bank (-0.5%), ISDN (-2.6%) and UMS (-1.4%). The FTSE ST Mid Cap Index fell 0.7%, while the FTSE ST Small Cap Index slid 1.8%. The broader market had 271 gainers and 284 losers with a total trading value of S$2.00b.

Technical Analysis

Analyst(s)

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Riverstone (RSTON SP)

Trading sell range:	S$0.810-0.815
Last price:	S$0.810
Target price:	S$0.720
Protective stop:	S$0.845

Price breached its gap support zone yesterday after breaking down from a two-month sideways consolidation range, confirming a major structural shift in market direction. The MACD remains firmly in bearish territory and is curling downward. This signals further downside extension towards the next support zone.

The potential downside target is S$0.72. Stop-loss could be placed at S$0.845.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$1.10.

Beng Kuang Marine (BKM SP)

Trading sell range:	S$0.440-0.445
Last price:	S$0.435
Target price:	S$0.395
Protective stop:	S$0.460

Price decisively violated its previous low support zone with a bearish candle, following a breakdown from a bear flag pattern. The MACD remains suppressed in negative territory and continues to slope downward. This points toward a sustained downward extension towards lower support targets.

The potential downside target is S$0.395. Stop-loss could be placed at S$0.46.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$0.75.